
This is the fourth edition, revised annually, of this valuable handbook. The first of its 26 chapters provides background and perspective, although the authors’ discussion of the financial reporting climates in France and Germany require updating. It is odd that the authors assert that the US Securities and Exchange Commission (SEC) “has virtually never exercised” its statutory authority to establish GAAP for public companies. In fact, the SEC continually exercises its authority, via Financial Reporting Releases and Staff Accounting Bulletins, speeches and announcements by the chief accountant and his staff, and, in the end, by its oversight authority over the FASB. The cumulative impact of these activities should be described as more than “interpretive guidance” (p. 6).

The remaining 25 chapters are organized along subject-matter lines, and they are comprehensive and detailed. The definitions of technical terms and many illustrative examples are especially useful. Unhappily, there is little cross-referencing among the chapters.

It might have been better if IAS 1, Presentation of Financial Statements, had been accorded its own chapter, rather than apportioned over the two chapters on the balance sheet and the income statement. Apparently, in order to avoid duplication of coverage, the authors chose to discuss the IASC’s controversial “fairness exception” in the balance sheet chapter, while noting it only briefly in the income statement chapter, without apprising the reader of the much fuller discussion in the other chapter.

A lengthy disclosure checklist appears at the end of the book.

S.A.Z.


This position paper issued last November by CGA-Canada argues for the adoption of International Accounting Standards in Canada. “Many interested parties are today proposing that Canadian standards be harmonized with FASB standards, especially because of Canada’s close tied with the United States,” but, the article argues, “there are many compelling reasons why it would not be prudent for Canada to adopt FASB standards” (pp. 5–6). The FASB’s standards, it asserts, are “the result of a ‘closed process’ designed to accommodate U.S. interests,” and “they have been established primarily for the benefit of investors to the exclusion of other groups in society interested in corporate performance” (p. 6). Other objections to the influence in Canada of the FASB’s standards are that they are “rule-oriented and prescriptive” and that they respond to the “very litigious environment” in the U.S. The article seems to be favorably disposed toward the “fairness exception” in IAS 1.